

Diocese of Lansing

**Financial Report
with Additional Information
June 30, 2017**

Diocese of Lansing

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Independent Auditor's Report

To the Most Reverend Earl A. Boyea
Diocese of Lansing

We have audited the accompanying financial statements of the Diocese of Lansing (the "Diocese"), which comprise the balance sheet as of June 30, 2017 and 2016 and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Most Reverend Earl A. Boyea
Diocese of Lansing

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Diocese of Lansing as of June 30, 2017 and 2016 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements being presented are only for funds for which the Diocese of Lansing retains operational control and do not reflect the assets, liabilities, and results of operations of parishes, schools, and other diocesan organizations. Accordingly, the accompanying financial statements are not intended to present the financial position of the parishes, schools, and other diocesan organizations as of June 30, 2017 and 2016 or the changes in their net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC

November 28, 2017

Diocese of Lansing

Balance Sheet

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Assets		
Cash and cash equivalents	\$ 12,543,377	\$ 13,808,337
Michigan no-fault self-insurance loss reserve	31,675	37,722
Accounts receivable - Net of allowance	2,365,558	752,133
Investments (Note 2)	75,816,895	65,309,607
Cemetery inventory	39,869	36,002
Prepaid expenses and other current assets	643,822	731,436
Contributions receivable - Net of allowance	-	1,330,692
Accrued interest receivable	174,473	129,287
Unrecovered cost of crypts and niches	1,141,463	1,775,348
Undeveloped burial ground	85,000	85,000
Loans - Parishes, schools, and other - Net of allowance for doubtful loans of \$1,365,449 and \$864,044 for 2017 and 2016, respectively	25,449,084	28,281,966
Property and equipment:		
Equipment	1,040,503	975,224
Land and buildings	21,626,507	21,578,047
Future sites	443,382	497,382
Accumulated depreciation	(9,973,224)	(9,302,867)
Total assets	<u>\$ 131,428,384</u>	<u>\$ 126,025,316</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 1,779,228	\$ 1,483,958
Distributions due to depositors	361,416	299,957
Unremitted collections	112,792	341,796
Parishes, schools, and other deposits	83,737,412	79,622,085
Amounts due to beneficiaries	10,957	14,770
Funds held for others	2,000,754	2,001,073
Cemetery trust funds	1,867,686	1,328,720
Total liabilities	89,870,245	85,092,359
Net Assets		
Unrestricted:		
Designated	27,517,690	26,979,104
Undesignated	2,323,045	2,161,913
Temporarily restricted (Note 4)	6,175,056	6,352,202
Permanently restricted (Note 5)	5,542,348	5,439,738
Total net assets	41,558,139	40,932,957
Total liabilities and net assets	<u>\$ 131,428,384</u>	<u>\$ 126,025,316</u>

Diocese of Lansing

Statement of Activities and Changes in Net Assets

	Year Ended	
	June 30, 2017	June 30, 2016
Changes in Unrestricted Net Assets		
Revenue and other support:		
Assessment receipts	\$ 2,650,268	\$ 2,660,586
Diocesan Services Appeal contributions	299,145	356,949
Cemetery general receipts	1,548,252	888,344
Protected Loss Fund activity	785,314	643,365
Interest income	1,931,029	1,854,968
Dividends	625,941	550,705
Net realized and unrealized gain (loss) on investments	4,226,717	(570,844)
Bequests and donations	647,507	920,434
School assessment receipts	488,420	434,114
Distribution from related entity	3,085,856	1,700,000
Program and project receipts	636,373	616,421
Net assets released from restrictions:		
Diocesan Services Appeal	5,088,979	4,808,024
Other	536,368	2,169,218
Total unrestricted revenue and other support	22,550,169	17,032,284
Operational expenses:		
Salaries and wages	4,541,912	4,707,620
Office expenses	1,817,192	1,758,078
Assessments	122,257	121,675
Property and equipment	1,132,075	563,780
Depreciation	670,382	620,152
Cemetery cost of goods sold	321,501	156,001
Ministerial programming	1,386,047	1,206,071
Subsidies - Grants	6,060,154	3,663,327
Tuition expense	457,040	572,504
Savings and loan interest expense	1,858,519	1,679,310
Trust and endowment investment distributions	3,064,608	38,246
Diocesan services appeal rebates	374,959	340,871
Total expenses	21,806,646	15,427,635
Increase in Unrestricted Net Assets - Before other changes	743,523	1,604,649
Other Changes in Unrestricted Net Assets (Note 1)		
Impairment and forgiveness of loans and receivables (Note 1)	(43,805)	(2,425,272)
Impairment of fixed assets	-	(805,518)
Increase (Decrease) in Unrestricted Net Assets	699,718	(1,626,141)

Diocese of Lansing

Statement of Activities and Changes in Net Assets (Continued)

	Year Ended	
	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Changes in Temporarily Restricted Net Assets		
Diocesan Services Appeal contributions	\$ 5,000,000	\$ 5,088,979
Senior Priest Center contributions	-	77,383
Bequests and donations	189,340	175,854
Investment income	258,861	421,583
DSA release from restriction	(5,088,979)	(4,808,024)
Other release from restriction	<u>(536,368)</u>	<u>(2,169,218)</u>
Decrease in Temporarily Restricted Net Assets	(177,146)	(1,213,443)
Changes in Permanently Restricted Net Assets - Donations	<u>102,610</u>	<u>15,202</u>
Increase (Decrease) in Net Assets	625,182	(2,824,382)
Net Assets - Beginning of year	<u>40,932,957</u>	<u>43,757,339</u>
Net Assets - End of year	<u>\$ 41,558,139</u>	<u>\$ 40,932,957</u>

Diocese of Lansing

Statement of Cash Flows

	Year Ended	
	June 30, 2017	June 30, 2016
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ 625,182	\$ (2,824,382)
Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities:		
Depreciation	670,382	620,152
Net (gain) loss on investments	(4,226,717)	570,844
Change in allowance for uncollectible contributions	43,805	5,744
Impairment on loans and receivables net of change in allowance and accrued interest	501,405	351,345
Impairment on fixed assets	515,094	805,518
Permanently restricted contributions	(102,610)	(15,202)
Changes in operating assets and liabilities which (used) provided cash:		
Accounts receivable	(1,657,230)	159,944
Contributions receivable	1,330,692	(70,230)
Cemetery inventory	(3,867)	-
Unrecovered cost of crypts and niches	118,791	-
Accrued interest receivable	(45,186)	1,497,635
Prepaid expenses and other current assets	87,614	30,794
Accounts payable and accrued liabilities	295,270	404,035
Cemetery trust fund	538,966	89,692
Distributions due to depositors	61,459	299,957
Deposits	4,115,327	229,748
Amounts due to beneficiaries	(3,813)	(3,812)
Funds held for others	(319)	-
Unremitted collections	(229,004)	(591,956)
Net cash provided by operating activities	2,635,241	1,559,826
Cash Flows from Investing Activities		
Proceeds from loan repayments	3,022,576	6,010,082
Issuance of loans	(691,099)	(830,192)
Purchase of land and buildings	(59,764)	(1,463,721)
Proceeds from sale of investments	9,564,352	599,328
Purchases of investments	(15,844,923)	(23,960,363)
Net cash used in investing activities	(4,008,858)	(19,644,866)
Cash Flows from Financing Activities - Permanently restricted contributions	102,610	15,202
Net Decrease in Cash and Cash Equivalents	(1,271,007)	(18,069,838)
Cash and Cash Equivalents - Beginning of year	13,846,059	31,915,897
Cash and Cash Equivalents - End of year	\$ 12,575,052	\$ 13,846,059
Cash and cash equivalents are comprised of the following:		
Cash and cash equivalents	\$ 12,543,377	\$ 13,808,337
Michigan no-fault self-insurance loss reserve	31,675	37,722
Total	\$ 12,575,052	\$ 13,846,059

Note I - Nature of Activities and Significant Accounting Policies

Principles of Reporting - The accompanying financial statements include only those funds for which the Diocese of Lansing (the "Diocese") retains operational control. The financial statements do not reflect the assets, liabilities, and results of operations of parishes, schools, and other diocesan organizations. The excluded organizations receive financial support from other sources and their activities are accounted for separately.

The Diocese of Lansing provides various services primarily in the central area of lower Michigan. A description of these services and the funds maintained by the Diocese is as follows:

Central Services - Central Services accounts for the operations of the central administrative offices of the Diocese. The main sources of income are the annual Diocesan Services Appeal drive and diocesan assessments levied on each parish. Diocesan Services Appeal contributions are recorded as temporarily restricted revenue until the period that expenditures relating to each drive are made.

Plant - Plant activities include purchase, renovation, or rehabilitation of land, buildings, and equipment. Equipment is recorded at cost. Land and future parish sites are recorded at cost. Contributed assets are recorded at fair value at the date of the gift. Plant activities include costs associated with property and equipment used in the operations included in these financial statements. Costs of operating and maintaining land, buildings, and equipment of parishes, schools, and other diocesan institutions are excluded.

Savings and Loan Program - Savings of and loans to diocesan units are accounted for in this program. Loans receivable are reported at the original issue amount plus accrued interest, less principal repaid. Interest is recognized according to terms of the specific loans. Loans made to diocesan units range from \$10,000 to \$5,200,000 and have varying maturities of 5 to 20 years, and the majority bear an interest rate of 5.0 percent during 2017 and 2016. At June 30, 2017, an individual parish has loans which represent more than 25 percent of the outstanding loans. Interest was paid on deposits at a rate of 2.5 percent during 2017 and 2016.

Note I - Nature of Activities and Significant Accounting Policies (Continued)

The Diocese considers loans and receivables to be impaired when, based upon current information and events, the Diocese believes it is probable that it will be unable to collect all amounts due. During fiscal year 2016, consistent with the Holy Father's Year of Mercy and with past jubilee years, the Diocese approved a one-time Year of Mercy Grant to be applied to certain loan balances. The grant totaled \$2,400,000. Those loan balances were not deemed impaired, but were loans to parishes with modest means and ability to repay their obligation. A portion of those loans was reserved for in previous years. Included in the grant is a stipulation to require repayment of the previously forgiven balance in the event the parish were to receive a large bequest, if such bequest is not restricted for other purposes. The Diocese identified impairment and forgiveness of loans and receivables, including the Year of Mercy Grant, totaling \$2,550,136 in 2016. The allowance for doubtful loans is reviewed annually and is considered adequate to cover potentially uncollectible loans at June 30, 2017 and 2016.

Trust and Endowment - Trust and endowment funds are long-term savings of trusts, endowments, cemetery endowed care, and other restricted funds of diocesan units. Returns to the depositors are based on actual results of the investments.

Protected Loss Program - This program covers liability, property, and workers' compensation losses for all diocesan personnel and property. Loss coverage is provided through a self-insurance plan coordinated by the Michigan Catholic Conference (MCC). Beginning in the prior year, the MCC is now responsible for all billings and collections from participating units. Additionally, the MCC forwards a part of the participant contributions to the Diocese to cover costs of loss prevention-type activities that the Diocese conducts directly.

Designated Gift - Gift funds are limited for special purposes. Restrictions of net assets are donor-imposed limitations and designations of net assets are management imposed.

Cemetery - Diocesan cemeteries account for the activities of St. Joseph Catholic Cemetery in Lansing, New and Old Calvary Cemeteries in Flint, St. Patrick Cemetery in Clinton County, St. Michael Byzantine Cemetery in Flint, All Saints Cemetery in Flint, and the central administrative and pre-need offices.

Accounting Policies

Cash and Cash Equivalents - The Diocese considers all highly liquid investments purchased with a maturity of three months or less to be cash and cash equivalents. However, this excludes any cash that is included in the Diocese's investment portfolio.

Note I - Nature of Activities and Significant Accounting Policies (Continued)

Concentration of Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Diocese's deposits may not be returned to it. At year end, a significant portion of the Diocese's cash balance was held at one financial institution and exceeds the FDIC insurance limits. Management believes that due to the dollar amounts of cash deposits and the type of accounts held, it is impractical to insure all deposits.

Accounts Receivable - Accounts receivable are stated at invoice amounts. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal payment periods. In addition, a general valuation allowance is established for other accounts receivable based on historical loss experience. All amounts deemed uncollectible are charged against the allowance for doubtful accounts in the period that determination is made.

Amounts received from cemetery trusts, included in investments, receivables, and liabilities, represent a portion of the proceeds from the sale of pre-need merchandise and services, deposited in accordance with state trusting laws with various financial institutions, together with accrued earnings. The Diocese will recognize and generally receive these amounts when the merchandise is delivered or the service is performed.

Contributions Receivable - Contributions receivable result from unconditional promises to fund Diocesan Services Appeal drives and the Senior Priest Center. All amounts are due within 12 months. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal payment periods. All amounts deemed uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. For the year ended June 30, 2016, contributions receivable resulted from the Diocesan Services Appeal. For the year ended June 30, 2017, the Diocesan Services Appeal drive was funded by a capital campaign held by the Catholic Foundation of the Diocese of Lansing. All funds owed to the Diocese for the Diocesan Services Appeal were received prior to June 30, 2017.

Contributions - Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received and measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows. Contributions resulting from split-interest agreements, measured at the time the agreements are entered into, are recognized based on the difference between the fair value of the assets received or promised and the present value of obligations to the third-party recipients under the related contracts. Contributions with donor-imposed time or purpose restrictions are reported as restricted support and all other contributions are reported as unrestricted support.

Note I - Nature of Activities and Significant Accounting Policies (Continued)

Investments - Investments are stated at fair value. Gifts of investment securities are initially recorded at fair value at the date of receipt. Investment income is recorded when earned.

Unrecovered Cost of Crypts and Niches - It is the policy of the Diocese to capitalize all construction costs for the mausoleums and columbaries. The costs of crypts and niches are written off as the entombment and interment rights are sold.

Undeveloped Burial Ground - Undeveloped burial ground represents the cost of land not developed or available for the sale of burial rights at year end.

Property and Equipment - The Diocese maintains historical financial records of the cost of land, buildings, and certain equipment when purchased or at fair value at the date of gift, if contributed. Depreciation is calculated on the straight-line basis over the estimated useful lives of the various assets. The Diocese calculates depreciation on a straight-line basis over the estimated useful life for equipment of 3-10 years and buildings of 15-50 years.

Split-interest Agreements - The designated gift program includes resources and obligations created by various split-interest agreements with donors. Under the terms of the contracts, the Diocese is required to invest amounts received and distribute a percentage of that investment or a set amount to designated beneficiaries. Upon the death of a beneficiary, the principal remaining under each contract reverts to the Diocese or other designated beneficiaries in accordance with the terms of the respective contract. The split-interest agreements are recorded within the balance sheet as amounts due to beneficiaries.

Classification of Net Assets - Net assets of the Diocese are classified as permanently restricted, temporarily restricted, or unrestricted depending on the presence and characteristics of donor-imposed restrictions limiting the Diocese's ability to use or dispose of contributed assets or the economic benefits embodied in those assets. Donor-imposed restrictions that expire with the passage of time or can be removed by meeting certain requirements result in temporarily restricted net assets. Donor-imposed restrictions that will be maintained permanently by the Diocese result in permanently restricted net assets. Earnings, gains, and losses on restricted net assets are classified as temporarily restricted.

Tax Status - The Diocese is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and the Diocese is a religious entity which is exempt from tax filings; therefore, a provision for income taxes has not been included in the financial statements.

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Functional Expenses - The costs of providing program services, administrative expenses, and fundraising are reported on a functional basis in Note 7. Costs are allocated between the various programs and support services on an actual basis, where available, or based upon reasonable methods. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different results.

Subsequent Events - The financial statements and related disclosures include evaluation of events up through and including November 28, 2017, which is the date the financial statements were available to be issued.

Risks and Uncertainties - The Diocese invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the balance sheet.

Upcoming Accounting Changes - In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Diocese's year ending June 30, 2020. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods. The Diocese has not yet determined which application method it will use or the potential effects of the new standard on the financial statements, but does not expect a material impact on its primary sources of revenue.

Diocese of Lansing

Notes to Financial Statements June 30, 2017 and 2016

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, in August 2016. ASU No. 2016-14 requires significant changes to the financial reporting model of organizations that follow FASB not-for-profit rules, including changing from three classes of net assets to two classes: net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Diocese, including required disclosures about the liquidity and availability of resources. The new standard is effective for the Diocese's year ending June 30, 2019 and thereafter and must be applied on a retrospective basis. The standard is expected to have an impact on the presentation of net assets and to result in enhanced disclosures related to liquidity and availability.

Note 2 - Investments

A summary of investments held by the Diocese at June 30, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Michigan Catholic Conference investment pool	\$ 68,226,299	\$ 61,102,913
Mutual funds	2,159,501	1,912,872
Municipal bonds	-	194,490
Money market funds	508,477	1,584,491
U.S. common stock funds	-	226
Certificates of deposit	4,000,000	-
Escrow trust account	922,618	514,615
Total	<u>\$ 75,816,895</u>	<u>\$ 65,309,607</u>

Note 3 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Diocese's assets measured at fair value on a recurring basis at June 30, 2017 and 2016 and the valuation techniques used by the Diocese to determine those fair values.

In general, fair values determined by Level I inputs use quoted prices in active markets for identical assets that the Diocese has the ability to access.

Diocese of Lansing

Notes to Financial Statements June 30, 2017 and 2016

Note 3 - Fair Value Measurements (Continued)

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Diocese's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

At June 30, 2017 and 2016, there was \$4,922,618 and \$514,615, respectively, in escrow trust cash accounts and certificates of deposit, which are not reflected within the fair value tables below.

Assets Measured at Fair Value on a Recurring Basis at June 30, 2017

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2017
Investments:				
Mutual funds	\$ 2,159,501	\$ -	\$ -	\$ 2,159,501
Money market funds	508,477	-	-	508,477
Michigan Catholic Conference investment pool	-	68,226,299	-	68,226,299
Total investments	<u>\$ 2,667,978</u>	<u>\$ 68,226,299</u>	<u>\$ -</u>	<u>\$ 70,894,277</u>

Diocese of Lansing

Notes to Financial Statements June 30, 2017 and 2016

Note 3 - Fair Value Measurements (Continued)

Assets Measured at Fair Value on a Recurring Basis at June 30, 2016

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2016
Investments:				
Mutual funds	\$ 1,912,872	\$ -	\$ -	\$ 1,912,872
Money market funds	1,584,491	-	-	1,584,491
U.S. common stock funds	226	-	-	226
Michigan Catholic Conference investment pool	-	61,102,913	-	61,102,913
Municipal bonds	-	194,490	-	194,490
Total investments	<u>\$ 3,497,589</u>	<u>\$ 61,297,403</u>	<u>\$ -</u>	<u>\$ 64,794,992</u>

The Diocese holds an interest in investments held by the Michigan Catholic Conference at year end whereby the fair value of the investment held is estimated based on the underlying invested assets. The assets held by the Michigan Catholic Conference investment pool consist of investments in mutual funds, equity securities, fixed-income securities, and money markets for which an active market exists.

Loans are, under certain conditions, subject to measurement at fair value on a nonrecurring basis. As discussed in Note 1, loans are assessed annually for impairment. During 2017, the Diocese determined that an impairment did not occur. The fair value of loans at June 30, 2017 was \$25,449,084. During 2016, the Diocese determined that an impairment occurred and estimated the fair value of the loans based primarily on Level 3 inputs, which consist of forecasts, collateral, and cash flow analysis. The fair value of the loans at June 30, 2016 was estimated to be \$28,281,966 and an impairment and forgiveness of loans, including the Year of Mercy Grant, charge of \$2,550,136 was recorded in 2016 and included in changes in unrestricted net assets.

Note 4 - Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

- **Central Services** - Net assets with time restrictions related to Diocesan Services Appeal contributions of \$5,000,000 and \$5,088,979 at June 30, 2017 and 2016, respectively
- **Designated Gift** - Net assets restricted for specific purposes as specified by the donors of \$1,166,193 and \$1,254,360 at June 30, 2017 and 2016, respectively
- **Cemetery Fund** - Net assets restricted for specific purposes as specified by the donors of \$8,863 at June 30, 2017 and 2016

Note 5 - Permanently Restricted Net Assets

Permanently restricted net assets consist of the following:

- **Designated Gift** - Net assets permanently restricted as specified by the donors of \$5,542,348 and \$5,439,738 at June 30, 2017 and 2016, respectively. Income can be used as specified by the donors for various programs and purposes, including support of seminarian education, scholarships, sanctuary expenses, and chapel expenses.

Note 6 - Self-insurance Plan

The Diocese participates in a self-insurance plan (the "Insurance Plan") with other Michigan dioceses for workers' compensation, liability, and property coverage. The Insurance Plan is managed by the Michigan Catholic Conference (MCC) and claims are administered by a third-party administrator. Initial losses of up to \$1,000,000 for workers' compensation, \$1,000,000 for liability, and \$1,000,000 for property per occurrence are the direct responsibility of the Insurance Plan. Premiums paid to the Insurance Plan by the Diocese are recorded in the expenses of the Central Services Fund.

The Insurance Plan's specific reinsurance carrier is responsible for all claims in excess of \$1,000,000 for workers' compensation, \$1,000,000 for liability, and \$1,000,000 for property per occurrence and property losses up to a limit of \$100,000,000 per occurrence for workers' compensation, \$100,000,000 per occurrence for liability, and \$210,000,000 per occurrence for property. As of June 30, 2017, the Insurance Plan was responsible for aggregate losses of up to \$9,879,586 annually. The Diocese, along with the other dioceses included in the Insurance Plan, is contingently liable for claims in excess of these amounts. The Diocese has not recorded any contingencies on its balance sheet related to the MCC insurance plan, as there are sufficient funds held by MCC to cover any expected losses.

The Diocese is authorized by the Michigan Department of Insurance and Financial Services to self insure no-fault risk for its vehicles for the 12-month certification periods ended June 30, 2017 and 2016. An authorized self-insurer is required to establish a fully funded loss reserve to pay claims which are anticipated in and/or submitted for payment during the certification period, as well as to pay claims which have been incurred and submitted before then but have not yet been paid. The loss reserve for the Diocese has been determined by a qualified actuary and fully funded as of the commencement of the current certification period.

Diocese of Lansing

Notes to Financial Statements June 30, 2017 and 2016

Note 7 - Functional Expenses

The Diocese provides various services to residents within its geographic area. Expenses related to providing these services at June 30 are as follows:

	<u>2017</u>	<u>2016</u>
Program services:		
Direct ministerial programs and grants	\$ 12,986,330	\$ 9,741,324
Savings, loan, and investment programs	4,767,033	1,881,554
Plant and insurance activities	<u>2,159,401</u>	<u>1,661,326</u>
Total program services	19,912,764	13,284,204
General and administrative:		
Finance department	765,459	488,298
Curial activities	310,056	372,108
Technology	118,330	149,252
Building management	<u>422,527</u>	<u>523,520</u>
Total general and administrative	1,616,372	1,533,178
Fundraising	<u>277,510</u>	<u>610,253</u>
Total	<u>\$ 21,806,646</u>	<u>\$ 15,427,635</u>

Note 8 - Multiemployer Defined Benefit Pension Plans

The Diocese participates in the Michigan Catholic Conference Lay Employees Retirement Plan (the "Plan"), a multiemployer defined benefit pension plan that covers substantially all lay employees. The plan number and employer identification number of the Plan are 20-1769136.

Contributions to the Plan were approximately \$190,000 and \$200,000 for the years ended June 30, 2017 and 2016, respectively. Contributions to the Plan are based on a percentage (8.6 and 8.1 percent for June 30, 2017 and 2016, respectively) of covered employees' wages. Based on information as of June 30, 2017, the year end of the Plan, the Diocese's contributions to the Plan did not represent more than 5 percent of the total contributions received by the Plan.

The financial risks of participating in multiemployer plans are different from single-employer defined benefit pension plans in the following respects:

- (1) Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- (2) If a participating employer discontinues contributions to a plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

Diocese of Lansing

Notes to Financial Statements June 30, 2017 and 2016

Note 8 - Multiemployer Defined Benefit Pension Plans (Continued)

(3) If a participating employer chooses to stop participating in a plan, a withdrawal liability may be created based on the unfunded vested benefits for all employees in the plan.

Specific plan information for the Diocese is not available from the Plan's administrator. If the Diocese withdraws its participation in the Plan, the Diocese would be responsible to make a contribution for its proportional share of any unfunded liability. The withdrawal liability would be calculated by the actuaries as outlined in the plan document at the time of withdrawal. The following information is based the financial statements of the Plan as of June 30, 2017:

	<u>Michigan Catholic Conference Lay Employees Retirement Plan</u>
Total plan assets	\$ 1,277,806,149
Actuarial present value of accumulated plan benefits as of July 1, 2016	\$ 1,450,159,731
Total contributions received by the Plan	\$ 27,111,183
Indicated level of funding	88.1 %

The weighted average assumed rate of return used in the July 1, 2016 valuation was 7.5 percent. Information as to the actuarial present value of vested and nonvested accumulated plan benefits and the Plan's net assets available for benefits attributable to employees of the Diocese is not available since the Plan does not compute it for each participating organization.

Note 9 - Replacement Value of Buildings

The replacement value of parish, school, and other diocesan institution buildings owned by the Diocese for the benefit of the parishes, schools, and other diocesan institutions is in excess of \$20,000,000, which does not include the amounts shown in the balance sheet under land and buildings, as determined by Marshall Swift Valuation Services Cost Indices as of June 30, 2017. The buildings included in this valuation are comprised substantially of buildings excluded from plant assets in the accompanying financial statements as discussed in Note 1.

Note 10 - Commitments

The Bishop of the Diocese of Lansing had a bond issued for the benefit of Father Gabriel Richard High School. During the fiscal year ended June 30, 2012, the Diocese retired the \$11,780,000 bond. The retired bond was replaced with a bond for \$8,165,000 plus reserves of the school. The bond is payable over 25 years with an initial fixed-interest rate of 4.5 percent for the first seven years. The Diocese provided an irrevocable letter of credit with a bank related to the bond for the benefit of Father Gabriel Richard High School. As of June 30, 2017 and 2016, the outstanding balance on this bond issue is \$7,030,000 and \$7,270,000, respectively, and is payable through September 1, 2037. Currently, the other diocesan entity is making all payments due on the bonds and all related expenses.

The Diocese has guaranteed a letter of credit related to a bond issue for the St. Vincent Catholic charities. As of June 30, 2017 and 2016, the outstanding balance on this bond issue is \$4,180,000 and \$4,450,000, respectively, and is payable through July 18, 2029. Currently, the other diocesan entity is making all payments due on the bonds and all related expenses.

During the fiscal year ended June 30, 2013, the Diocese of Lansing entered into a financing arrangement for the purpose of relocating Fr. Luke M. Powers Catholic High School (the "School"). This arrangement is structured for the purpose of making use of federal New Markets Tax Credits and certain state tax credits. The Diocese, for the benefit of the School, is a lender to the project. As of June 30, 2017, the loan to the School as a part of the Diocesan Savings and Loan Program was approximately \$1,285,000. The School is obligated and has been making certain payments for a facility lease and shared operational expenses since taking occupancy during fiscal year 2014. The Diocese has guaranteed certain lease payments of \$800,000 should the School be unable to make these lease payments.

As previously disclosed in Note 1, the scope of these financial statements excludes assets, liabilities, and the results of operations of the schools and the other diocesan entity; therefore, the bonds and the asset constructed with the proceeds are not included in these financial statements. An appropriate liability will be recognized if a possibility reasonably exists that the schools and other diocesan entity will not be able to meet their obligations of these bonds and diocesan resources covered in this statement would need to be used to service the debt. Should this occur, the Diocese could seek to recover those amounts from the schools and other diocesan entity.

Diocese of Lansing

Notes to Financial Statements June 30, 2017 and 2016

Note 11 - Contingent Liabilities

The Diocese is contingently liable in respect to litigation and claims incidental to the ordinary course of its operations. In the opinion of management, based on its consultation with legal counsel, the amount of loss, if any, is unknown at this time. Therefore, no provision has been made in the accompanying financial statements for losses that might result from the ultimate disposition of these matters.

Note 12 - Donor-restricted Endowments

The Diocese's endowment includes donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Diocese has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Diocese classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Diocese considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purpose of the Diocese and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Diocese
- (7) The investment policies of the Diocese

Endowment Net Asset Composition by Type of Fund as of June 30, 2017

	Permanently Restricted
Donor-restricted endowment funds	<u>\$ 5,542,348</u>

Diocese of Lansing

Notes to Financial Statements June 30, 2017 and 2016

Note 12 - Donor-restricted Endowments (Continued)

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2017

	<u>Permanently Restricted</u>
Endowment net assets - Beginning of year	\$ 5,439,738
Bequests and donations	<u>102,610</u>
Endowment net assets - End of year	<u>\$ 5,542,348</u>

Endowment Net Asset Composition by Type of Fund as of June 30, 2016

	<u>Permanently Restricted</u>
Donor-restricted endowment funds	<u>\$ 5,439,738</u>

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2016

	<u>Permanently Restricted</u>
Endowment net assets - Beginning of year	\$ 5,424,536
Bequests and donations	<u>15,202</u>
Endowment net assets - End of year	<u>\$ 5,439,738</u>

Return Objectives and Risk Parameters

The Diocese has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment. Endowment assets include those assets of donor-restricted funds that the Diocese must hold in perpetuity or for a donor-specified period.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Diocese relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Diocese targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Note 12 - Donor-restricted Endowments (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Diocese spends permanently restricted endowment funds in accordance with UPMIFA standards (using the statutory 7 criteria of prudence) and in accordance with donor intent, up to 4.5 percent of a rolling three-year endowment average balance. The funds are invested in either a broad market, where capital appreciation is possible, or in investments with a fixed rate of return.

Additional Information

Independent Auditor's Report on Additional Information

To the Most Reverend Earl A. Boyea
Diocese of Lansing

We have audited the financial statements of the Diocese of Lansing as of and for the years ended June 30, 2017 and 2016 and have issued our report thereon dated November 28, 2017, which contained an unmodified opinion on those financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules on pages 24 through 38 are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

November 28, 2017

Diocese of Lansing

Central Services Fund Balance Sheet

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Assets		
Invested in Savings and Loan Program	\$ 7,365,980	\$ 6,166,080
Accounts receivable - Net of allowance	262,906	348,293
Prepaid expenses	285,852	272,529
Contributions receivable - Net of allowance	-	1,232,553
Total assets	<u>\$ 7,914,738</u>	<u>\$ 8,019,455</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 505,555	\$ 572,337
Unremitted collections	86,138	196,226
Total liabilities	591,693	768,563
Net Assets		
Unrestricted - Undesignated	2,323,045	2,161,913
Temporarily restricted	5,000,000	5,088,979
Total net assets	<u>7,323,045</u>	<u>7,250,892</u>
Total liabilities and net assets	<u>\$ 7,914,738</u>	<u>\$ 8,019,455</u>

Diocese of Lansing

Central Services Fund Statement of Activities and Changes in Net Assets

	Year Ended	
	June 30, 2017	June 30, 2016
Changes in Unrestricted Net Assets		
Revenue:		
Diocesan assessments	\$ 2,650,268	\$ 2,660,586
Diocesan Services Appeal contributions	299,145	356,949
Interest	159,438	86,039
Bequests and donations	544,817	187,249
Rental and other income	5,590	16,117
Program and project receipts:		
Curia activities	4,625	8,675
Finance	417,752	445,139
Formation	145,289	238,424
New evangelization	155,400	23,732
Vocations	54,881	91,172
Education and catechesis	12,565	3,921
Total revenue	4,449,770	4,118,003
Net assets released from restriction - DSA campaign		
released from restriction	5,088,979	4,808,024
Total revenue and net assets released from restriction	9,538,749	8,926,027
Expenses:		
Chancery services	970,565	970,651
Human resources	195,243	168,459
Formation	1,374,068	1,440,073
Education and catechesis	657,981	541,733
Finance	1,465,494	1,622,069
New evangelization	427,942	154,731
Vocations	1,176,275	1,364,862
Grants, assessments, and other ministries	2,123,168	2,038,291
Total expenses	8,390,736	8,300,869
Increase in Unrestricted Net Assets - Before other changes	1,148,013	625,158

Diocese of Lansing

Central Services Fund Statement of Activities and Changes in Net Assets (Continued)

	Year Ended	
	June 30, 2017	June 30, 2016
Other Changes in Unrestricted Net Assets		
(Recovery) impairment of loans and receivables	\$ (32,415)	\$ 38,375
Transfers between funds	<u>(954,466)</u>	<u>290,900</u>
Increase in Unrestricted Net Assets	161,132	954,433
Changes in Temporarily Restricted Net Assets		
Diocesan Services Appeal contributions	5,000,000	5,088,979
DSA campaign release from restriction	<u>(5,088,979)</u>	<u>(4,808,024)</u>
(Decrease) Increase in Temporarily Restricted Net Assets	<u>(88,979)</u>	<u>280,955</u>
Increase in Net Assets	72,153	1,235,388
Net Assets - Beginning of year	<u>7,250,892</u>	<u>6,015,504</u>
Net Assets - End of year	<u>\$ 7,323,045</u>	<u>\$ 7,250,892</u>

Diocese of Lansing

Cemetery Fund Balance Sheet

	June 30, 2017	June 30, 2016
Assets		
Cash and cash equivalents	\$ 300	\$ 1,200
Invested in diocesan savings programs	3,455,919	3,297,254
Accounts receivable - Net of allowance	1,052,662	164,252
Accrued interest receivable	-	46,732
Cemetery inventory	39,869	36,002
Prepaid expenses	(22,046)	-
Unrecovered cost of crypts and niches	1,141,463	1,775,348
Undeveloped burial ground	85,000	85,000
Investments	922,618	514,615
Equipment and real estate:		
Equipment	301,118	280,603
Real estate:		
Land and buildings	1,463,178	1,463,178
Accumulated depreciation	(1,172,833)	(1,122,627)
Net equipment and real estate	591,463	621,154
Total assets	<u>\$ 7,267,248</u>	<u>\$ 6,541,557</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 88,392	\$ 24,439
Loan from Savings and Loan Program	479,658	-
Cemetery trust funds (pre-need)	1,867,686	1,328,720
Total liabilities	2,435,736	1,353,159
Net Assets		
Unrestricted - Designated	4,822,649	5,179,535
Temporarily restricted	8,863	8,863
Total net assets	4,831,512	5,188,398
Total liabilities and net assets	<u>\$ 7,267,248</u>	<u>\$ 6,541,557</u>

Diocese of Lansing

Cemetery Fund Statement of Activities and Changes in Net Assets

	Year Ended	
	June 30, 2017	June 30, 2016
Changes in Unrestricted Net Assets		
Revenue:		
General receipts	\$ 49,685	\$ 12,416
Products and services	1,354,704	870,199
Investment and other income	143,863	5,729
Total revenue	1,548,252	888,344
Expenses:		
Product costs	321,500	156,001
Operational costs	1,583,638	1,119,044
Total expenses	1,905,138	1,275,045
Decrease in Unrestricted Net Assets - Before transfers	(356,886)	(386,701)
Other Changes in Unrestricted Net Assets - Transfers between funds	-	-
Decrease in Net Assets	(356,886)	(386,701)
Net Assets - Beginning of year	5,188,398	5,575,099
Net Assets - End of year	\$ 4,831,512	\$ 5,188,398

Diocese of Lansing

Plant Fund Balance Sheet

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Assets		
Invested in Savings and Loan Program	\$ -	\$ (68,943)
Equipment and real estate:		
Equipment	739,385	694,621
Real estate:		
Land and buildings	20,163,329	20,114,869
Future sites	443,382	497,382
Accumulated depreciation	<u>(8,800,391)</u>	<u>(8,180,240)</u>
Net equipment and real estate	<u>12,545,705</u>	<u>13,126,632</u>
Total assets	<u>\$ 12,545,705</u>	<u>\$ 13,057,689</u>
Net Assets - Unrestricted - Designated	<u>\$ 12,545,705</u>	<u>\$ 13,057,689</u>

Diocese of Lansing

Plant Fund

Statement of Activities and Changes in Net Assets

	Year Ended	
	June 30, 2017	June 30, 2016
Revenue		
Rental and other income	\$ 1,000	\$ 997
Loss on dispositions	-	-
Net revenue	1,000	997
Expenses		
Depreciation	620,176	566,541
Repairs and maintenance	6,701	(3,797)
Equipment	49,784	31,585
Property taxes	6,555	16,358
Total expenses	683,216	610,687
Decrease in Net Assets - Before other changes	(682,216)	(609,690)
Other Changes in Net Assets		
Transfer between funds	170,232	1,434,921
Impairment on land and buildings	-	(805,518)
(Decrease) Increase in Net Assets	(511,984)	19,713
Net Assets - Beginning of year	13,057,689	13,037,976
Net Assets - End of year	<u>\$ 12,545,705</u>	<u>\$ 13,057,689</u>

Diocese of Lansing

Savings and Loan Program Fund Balance Sheet

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Assets		
Cash and cash equivalents	\$ 12,543,077	\$ 13,710,385
Investments	43,511,708	37,302,429
Accrued interest receivable	174,473	129,287
Prepaid expenses and other assets	(11,485)	52,468
Loans:		
Parishes, schools, and others	26,814,533	29,146,010
Allowance for doubtful loans	<u>(1,365,449)</u>	<u>(864,044)</u>
Net loans	<u>25,449,084</u>	<u>28,281,966</u>
Total assets	<u>\$ 81,666,857</u>	<u>\$ 79,476,535</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 476,532	\$ 530,835
Deposits:		
Parishes, schools, and others	58,081,929	56,847,801
Other diocesan funds included in these financial statements	<u>16,948,438</u>	<u>17,530,439</u>
Total deposits	<u>75,030,367</u>	<u>74,378,240</u>
Total liabilities	75,506,899	74,909,075
Net Assets - Unrestricted - Designated	<u>6,159,958</u>	<u>4,567,460</u>
Total liabilities and net assets	<u>\$ 81,666,857</u>	<u>\$ 79,476,535</u>

Diocese of Lansing

Savings and Loan Program Fund Statement of Activities and Changes in Net Assets

	Year Ended	
	June 30, 2017	June 30, 2016
Revenue		
Interest	\$ 1,892,544	\$ 1,624,942
Dividends	320,824	255,112
Net realized and unrealized gain (loss) on investments	<u>1,584,461</u>	<u>(182,075)</u>
Total revenue	3,797,829	1,697,979
Expenses		
Distributions to depositors	1,858,519	1,679,310
Designated and self-supporting activity	<u>346,812</u>	<u>471,909</u>
Total expenses	<u>2,205,331</u>	<u>2,151,219</u>
Increase (Decrease) in Unrestricted Net Assets -		
Before other changes	1,592,498	(453,240)
Other Changes in Unrestricted Net Assets -		
Impairment and forgiveness of loans and receivables	<u>-</u>	<u>(2,550,136)</u>
Increase (Decrease) in Net Assets	1,592,498	(3,003,376)
Net Assets - Beginning of year	<u>4,567,460</u>	<u>7,570,836</u>
Net Assets - End of year	<u>\$ 6,159,958</u>	<u>\$ 4,567,460</u>

Diocese of Lansing

Trust and Endowment Fund Balance Sheet

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Assets		
Invested in Savings and Loan Program	\$ 436,949	\$ 1,242,278
Investments	<u>31,382,569</u>	<u>25,713,358</u>
Total assets	<u>\$ 31,819,518</u>	<u>\$ 26,955,636</u>
Liabilities and Net Assets		
Liabilities		
Gains to depositors	\$ 361,416	\$ 299,957
Deposits:		
Parishes, schools, and others	29,115,894	22,774,284
Other diocesan funds included in these financial statements	<u>2,342,208</u>	<u>3,881,052</u>
Total deposits	<u>31,458,102</u>	<u>26,655,336</u>
Total liabilities	31,819,518	26,955,293
Net Assets - Unrestricted - Designated	<u>-</u>	<u>343</u>
Total liabilities and net assets	<u>\$ 31,819,518</u>	<u>\$ 26,955,636</u>

Diocese of Lansing

Trust and Endowment Fund Statement of Activities and Changes in Net Assets

	Year Ended	
	June 30, 2017	June 30, 2016
Revenue		
Interest	\$ 257,826	\$ 234,003
Dividends	305,117	295,593
Net realized and unrealized gain (loss) on investments	<u>2,642,256</u>	<u>(388,769)</u>
Total revenue	3,205,199	140,827
Expenses		
Distributions to depositors	3,064,608	38,246
Designated and self-supporting activity	<u>140,934</u>	<u>102,579</u>
Total expenses	<u>3,205,542</u>	<u>140,825</u>
(Decrease) Increase in Net Assets	(343)	2
Net Assets - Beginning of year	<u>343</u>	<u>341</u>
Net Assets - End of year	<u>\$ -</u>	<u>\$ 343</u>

Diocese of Lansing

Protected Loss Program Fund Balance Sheet

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Assets		
Invested in Savings and Loan Program	\$ (693,360)	\$ 69,767
Accounts receivable - Net of allowance	1,049,990	192,856
Michigan no-fault self-insurance loss reserve	<u>31,675</u>	<u>37,722</u>
Total assets	<u>\$ 388,305</u>	<u>\$ 300,345</u>
Liabilities and Net Assets		
Liabilities - Accounts payable	\$ 2,711	\$ 5,219
Net Assets - Unrestricted - Designated	<u>385,594</u>	<u>295,126</u>
Total liabilities and net assets	<u>\$ 388,305</u>	<u>\$ 300,345</u>

Diocese of Lansing

Protected Loss Program Fund Statement of Activities and Changes in Net Assets

	Year Ended	
	June 30, 2017	June 30, 2016
Revenue		
Participant premiums	\$ 649,656	\$ 574,355
Rental and other income	135,658	69,010
Distribution from related entity	<u>838,045</u>	<u>2,313,372</u>
Total revenue	1,623,359	2,956,737
Expenses - Insurance service fees and other	<u>1,521,501</u>	<u>2,750,660</u>
Increase in Net Assets - Before other changes	101,858	206,077
Other Changes in Net Assets		
Impairment of loans and receivables	(11,390)	86,489
Transfer between funds	<u>-</u>	<u>-</u>
Increase in Net Assets	90,468	292,566
Net Assets - Beginning of year	<u>295,126</u>	<u>2,560</u>
Net Assets - End of year	<u>\$ 385,594</u>	<u>\$ 295,126</u>

Diocese of Lansing

Designated Gift Fund Balance Sheet

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Assets		
Cash and cash equivalents	\$ -	\$ 96,752
Pledges receivable - Net of allowance	-	98,139
Investments	-	1,779,205
Invested in Savings and Loan Program	10,323,019	10,090,317
Invested in Trust and Endowment	2,342,208	614,838
Prepaid expenses	<u>391,501</u>	<u>406,439</u>
Total assets	<u>\$ 13,056,728</u>	<u>\$ 13,085,690</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 706,038	\$ 351,228
Unremitted collections	26,654	145,570
Amounts due beneficiaries	10,957	14,770
Funds held for others	<u>2,000,754</u>	<u>2,001,073</u>
Total liabilities	2,744,403	2,512,641
Net Assets		
Unrestricted - Designated	3,603,784	3,878,951
Temporarily restricted	1,166,193	1,254,360
Permanently restricted	<u>5,542,348</u>	<u>5,439,738</u>
Total net assets	<u>10,312,325</u>	<u>10,573,049</u>
Total liabilities and net assets	<u>\$ 13,056,728</u>	<u>\$ 13,085,690</u>

Diocese of Lansing

Designated Gift Fund Statement of Activities and Changes in Net Assets

	Year Ended	
	June 30, 2017	June 30, 2016
Changes in Unrestricted Net Assets		
Revenue:		
Interest	\$ 71,985	\$ 81,330
Bequests and donations	102,690	1,819,813
School assessment receipts	488,420	434,114
Distribution from related entity	2,247,811	-
Program and project receipts	68,538	69,121
Total revenue	2,979,444	2,404,378
Net assets released from restrictions - Satisfaction of restriction	536,368	2,169,218
Total revenue and net assets released from restrictions	3,515,812	4,573,596
Expenses:		
Grants	4,531,580	3,860,133
Administrative expenses	88,972	216,241
Total expenses	4,620,552	4,076,374
(Decrease) Increase in Unrestricted Net Assets - Before other changes	(1,104,740)	497,222
Other Changes in Unrestricted Net Assets - Transfers between funds	829,573	-
(Decrease) Increase in Unrestricted Net Assets	(275,167)	497,222
Changes in Temporarily Restricted Net Assets		
Bequests and donations	189,340	253,237
Investment income	258,861	421,583
Net assets released from restrictions	(536,368)	(2,169,218)
Decrease in Temporarily Restricted Net Assets	(88,167)	(1,494,398)
Changes in Permanently Restricted Net Assets		
Bequests and donations	102,610	15,202
Other transfers	-	-
Investment income	-	-
Increase in Permanently Restricted Net Assets	102,610	15,202
Decrease in Net Assets	(260,724)	(981,974)
Net Assets - Beginning of year	10,573,049	11,555,023
Net Assets - End of year	\$ 10,312,325	\$ 10,573,049